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The propensity of adapting strategic reactiveness and entrepreneurial management amongst SMEs

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Abstract

It has been widely agreed that entrepreneurship leads to firms' success. SMEs have been given high priority in Malaysia and have been identified as one of the engines of the economic growth to drive Malaysia toward the NEM (New Economic Model) transformation. This research highlights the implementation of Strategic Reactiveness (SR) and Entrepreneurial Management (EM) tendencies of SMEs sector within the states of Malacca and Johor in Malaysia. This research considers that strategy-related variables are competitively aggressive and adaptive. Strategic planning allows organizations to anticipate changes and create strategic options for those changes. It is commonly perceived that SR will have a positive relationship with EM. Respondents for this research include CEOs, owner-managers and entrepreneurs. The obtained data from the questionnaires are analyzed through SPSS statistical packaged software. Data collected from 178 entrepreneurs indicates that 30.4% impact of SR related to the entrepreneur's organizational potential.

Keywords: Strategic Reactiveness, Entrepreneurial Management, Organizational Potential, Small and Medium-Sized Enterprises.

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1. Introduction

As a top 10 ranking country in the world, Malaysia's was continuously improve the government delivery system to facilitate Small and Medium sized Enterprise (SMEs) to drive productivity and competitiveness through a creative and innovative mindset. Entrepreneurs must plan strategies carefully and be able to effectively communicate the vision, goals and strategies in order to sustain firm's success performance and operational excellence which have been widely accepted as central to long-term economic stability around the world. An entrepreneurial firm is perceived to have little understanding of their business domain where trial and error strategic actions are commonplace (Green et. al, 2008). They adjust their business practices and competitive tactics in response to the perceived efficacy of its strategic actions through a strong implementation of EM to improve the overall organizational performance in the small and medium-sized enterprises (SMEs).

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Strategic reactivity has been defined as a company's ability to change their business practices and competitive tactics in order to respond to the effectiveness of strategic actions (Green et al., 2008). In line with this suggestion, the authors intend to highlight that strategic reactivity is most important for correcting the wrong steps that inevitably occur in entrepreneurial firms. The strength of a firm's entrepreneurial management tendency (EM) can have a strong, positive effect on organizational performance (Covin and Slevin 1986; Stevenson, 1999; Harms and Ehrmann 2003; Majid, 2006). Nevertheless, much can go wrong as firms engage in entrepreneurial activity; if entrepreneurial activity is inherently speculative (Bhidé, 2000; McGrath and MacMillan, 1995). Through the exhibition of a strong EM, firms place themselves in a novel and strategic position, which rarely happens in a poorly understood business domains where trial and error strategic actions are common. When the hoped-for results of entrepreneurial activity are not achieved, firms must re-think their actions in order to cut their losses and redirect their efforts through the exhibition of strategic reactivity.

Specifically, both SR and an EM have a strong behavioral tendency to quickly be affected by business changing environment global scale and react to the appropriate action to pursue opportunities. The next section of this paper provides a brief review of literature relating to SR and EM process in small and medium-sized sectors (SMEs) and the research framework of the study. The third section sets out the research methods of the study, and finally the conclusion.

2. Literature Review And Hypotheses

2.1. The Theory of Strategic Reactiveness

Strategic Reactiveness (SR) represents as a corrective action which entrepreneurial firms can apply to reduce the downside risk on their business practices. McGrath et al., (2000) and Morris et al., (2002) defines SR as the adjustments of strategy that enables the firms to reflect performance feedback and learning as they engage in their exploratory behaviors. The capacity for rapid and informed action is a function of the goodness-of-fit that exists between a firm's organizational structure attributes and the decision-making style employed by firm's top managers. Certain organizational structure and decision making style combinations will likely facilitate a firm's organizational response capability, thus enabling those firms to be both strategically reactive and entrepreneurial. Specifically, in this study SR is suggested to consist of three sub dimensions namely Strategic Formulation, Technocratic Decision-Making and lastly is Structural Organicity

2.2 The Theory of Entrepreneurial Management

It is commonly agreed that there is no universally-accepted definition of entrepreneur or entrepreneurship (Morris and Lewis 1995; Stearns and Hills 1996; Beaver and Jennings 2005). As remarked by Fiet (2000) recent efforts to develop entrepreneurship theory have tended to accumulate separate theories instead of building upon those that relate to each other and discarding those that are invalid and irrelevant. This is partly because of the dynamic nature of research and thinking in this area. New ideas from research forwarded by various scholars with similar interests over time contribute to the diversity in perspectives and approaches to the subject.

Shane and Venkataraman (2000) offered a contrasting view on entrepreneurship by suggesting the definition of entrepreneurship as the scholarly examination of how, by whom and with what effects opportunities to create future goods and services are discovered, evaluated, and exploited. Their approach stresses the importance of opportunities in entrepreneurship study. This includes the study of sources of opportunities, the processes of discovery, evaluation and exploitation of opportunities, and the set of individuals who discover, evaluate and exploit them. It is rather clear that the main concern of this approach is to incorporate both central phenomenon in entrepreneurship, the presence of lucrative opportunities and the presence of enterprising individual (Shane and Venkataraman 2000).

The emphasis on these two phenomena has some similarity with Stevenson's Entrepreneurial Management (EM) conceptualization of entrepreneurship as used in this study. Specifically, in this element of EM, it is suggested to consist of six sub dimensional namely Strategic Orientation (SO), Management Structure (MS), Growth Orientation (GO), Entrepreneurial Culture (EC), Resource Orientation (RO) and lastly Reward Philosophy (RP).

3. Methodology

3.1. Sampling

The population of this study is based on the the SME Corporation Malaysia's official website at <http://www.smecorp.gov.my/node/19>. As such the total number of SMEs within the state of Melaka and Johor is 13.9 percent or 13, 941 enterprises throughout the both state. Therefore the total population under study was set at 13, 941. A total of 500 companies are randomly selected based on SME's database from both states as a sampling (n) to participate in this study. A total of 178 responses were received after six month of data collection process. The overall response rate of 178 returned questionnaires is 35.6%. From this study, 11 sets of questionnaires, which is equivalent to 2.2%, were returned and marked as left or address was unidentified or wrong. This response rate of 35.6% can be considered acceptable, as it was requested of top, senior and middle managers of the firms to complete the eleven-page questionnaire. According to Alreck and Settle (1985) as cited by Majid (2006) the response rate for postal questionnaire is rarely more than 30%. In addition, it is agreed that top executives are busy individuals and are unlikely to respond to a survey questionnaire that seems to have no direct impact on their businesses (Bednar & Westphal, 2006) as cited by Wang, (2009). A 20% response rate is generally considered a very good result (Bednar & Westphal, 2006). Table 1 showed the overall response rate is relatively high given that respondents are top managers was 64.6%. Senior Managers accounts for 15.2% of the response rate. Finally, Middle managers resulted 20.2%.

3.2. Research Instrument

This study used written questionnaire to get information from target respondents. Research instruments was designed to assess the constructs of interest using multiple-item-eight-point Likert interval scale, to be clear and concise, and to group similar items together to aid in comprehension. The format of language was designed in English and Malay to have better feedback as the respondents come from various education backgrounds. The questionnaire is divided into 3 sections consists of 44 items question including the profile of entrepreneurs, the strategic reactiveness scale, and entrepreneurial management scale. Respondents were asked to respond to these items on a eight-point Likert interval scale ranging from "Low SR" were correspond to the value range between 1 to 4, meanwhile for "High SR" were represented by the value from 5 to 8 for Strategic Reactiveness (SR) variable. In other word, firms with low strategic reactiveness have low scores on this continuum, while highly reactive firms have high scores on this continuum. For EM's variable, "Administrative Behavior (AB)" corresponds to the value range between 1 to 4, and "Entrepreneurial Behavior (EB)" was represented by the value from 5 to 8 on the continuum of 1-8 for the measure of EM propensity. On overall, the questionnaire is consist of three parts, the first part is about the demographic profiles of the respondents while the second part was included questions to identify the level of strategic reactiveness and the third part about the question on the EM as shown below on Table II.

3.3. Analyses and Results

i. Demographic Profile.

Table 3, illustrates the descriptive analysis of the various demographic variables of the 178 samples SME firms within the state of Melaka and Johor. The majority of firm age is less than 5 years is 68 firms equivalent to 38.2%. A total of 17 of the responses (9.6%) claimed that they have been operated or founded between 16-20 years. Thus, it can be concluded that in general, most of the SMEs companies in Melaka and Johor are young companies with respect to the year they were first founded. From the data collected as summarized in Table 3, a total number of employees engaged by micro size firms were 12.4 % of the sample firms started with a team of less than 5 persons during start-up their business. The sample firms had 5 to 50 employees, with the percent of 47.8% are operated their business in small size. The firms were medium in size had 39.8% accounted for more than 50 employees. The results show that the majority firm activity engaging 40.4% of the firms were operated in other selected services. It is accounted for 72 of the sample firm dominated the Other Selected Service activity within the state of Melaka and Johor. Meanwhile, only 2.2 per cent of the sample firms operated their business under Transport Equipment activity. This study claimed that majority of respondents is having business registration status of private limited with 134 or 75.3% of the respondents in total, followed by sole proprietorship establishment of 28 or 15.7% and the partnership of 12 or 6.7%. Few of the

respondents have a business registration status under public limited (2.2%) and accounted for 4 of the sample firms. Descriptive statistic of Entrepreneur's characteristic was performed in Table 4. In terms of gender distribution, it is apparent those male entrepreneurs are the majority of owner with accounted for 73.6 per cent. The remaining 20.4 per cent engaged by female entrepreneur. An analysis of the entrepreneur characteristic in terms of race indicated that 73 per cent of total entrepreneur in Melaka and Johor. Chinese and Indian entrepreneurs are 21.3 per cent and 3.4 per cent respectively. Meanwhile, 2.2 per cent owned by other race. Top managers remain the highest participant in this survey study, accounting for approximately 64.6% of total respondents. Senior Managers and Middle Managers level were next, with 20.2 per cent and 15.2 per cent respectively. Table 5, shows the descriptive statistic of the level of SR propensity. The survey results showed that 64.5 per cent of entrepreneurs on this research demonstrated high propensity of SR in their business strategy midstream. The remaining 35.4 per cent perceived low of SR. According to Table 6, only 54 respondents (30.3 per cent) were found to be Administrative Behavior (AB) inclined while 124 respondents (69.7 per cent) deemed to be entrepreneurial in managing their firms. In summary, the prevalence of EM is apparently obvious being adopted and practiced among the lead entrepreneur of the sample firms.

ii. Descriptive Analysis on the Adaption of EM & SR.

One-way ANOVA test were conducted to comparing the significant difference in the mean scores for various categorical variable such as type of business, firm ownership structure, and firm age across the EM and SR. Pallant's (2001) suggested that the significant value is less than or equal to 0.05, then there can be concluded as have statistically significant difference among the mean scores of the dependent variable. In ANOVA analysis, effect size also gives the impact to the power of statistical test. Effect size also known as the strength of association and most commonly used effect size as Eta Squared. Thus, eta squared indicates the relative magnitude of the difference means. According to Cohen's (1988), eta squared resulted 0.01 is classifies as small effect, 0.06 is moderate effect and 0.14 is considered as large effect. Independent samples t-test also employed in this analysis to compare the mean scores of Firm size with regard to the SR and EM. If the significance is larger than .05 in Levene's Test for equality of variance, so the Significance 2-tailed on Equal variance assumed line was referred. While it was less than .05, so the Significance 2-tailed Equal variance not assumed line will be referred.

a. Differences in the Mean EM Scores with regard to the Type of Business.

The result of the Table 7 displays the ANOVA test was employed, it was show that, the mean score for Business and Professional Services is the highest ($M=5.2757$, $SD=1.07223$, $N=27$) compared to the Transport Equipment as the lowest mean scores on this study ($M=4.6250$, $SD=1.16920$, $N=4$). A One-way between-groups analysis of variance (ANOVA) was conducted to explore the significant of type of business to the entrepreneurial management tendencies. Subjects were divided into eight groups according to their type of business. Table 8 showed that there is no statistically significant difference between group ($F(7, 170)=0.622$, $p=.737$). The effect size, calculated using eta squared formula was 0.025 (Table 8). Hence, from this result of this study is considered small effect as proposed by Cohen's (1988).

b. Differences in the Mean EM Scores with regard to the Firm Ownership Structure.

From the analyses of 178 sample of respondents by using ANOVA test approach, it was found that the highest mean score is Sole Proprietorship ($M=5.6548$, $SD=1.09873$, $N=28$) compared to the lowest mean score private Limited with the $M=4.8984$, $SD=0.84936$ and $N=134$ (see Table 9). Subjects were divided into four groups according to their ownership structure. Table 10 showed that there has a statistically significant difference between group ($F(3, 174)=5.610$, $p=0.001$). The effect size was 0.08. As a result this study is considered medium effect as proposed by Cohen's (1988).

c. Differences in the Mean EM Scores with regard to the Firm Age.

The result of the Table 11 displays the ANOVA test for difference mean score for Firm age. The highest was 6-10 years of business founded ($M=5.1831$, $SD=.84310$, $N=44$) compared to the >20 years as the lowest mean scores on this study ($M=4.6667$, $SD=.89635$, $N=20$). A One-way between-groups analysis of variance (ANOVA) was conducted to explore the significant of firm age to the entrepreneurial management tendencies. Subjects were divided into 5 groups according to firm age (<5 years, 6-10 years, 11-15 years 16-20 years and finally >20 years). Table 12 resulted that there is no statistical significance different between group ($F(4,173)=1.206$, $p=.310$). The effect size was 0.03 considered as small effect (Cohen's, 1988).

d. Differences in the Mean EM Scores with regard to the Firm Size.

Independent-samples t-test was employed to compare the mean scores for EM with regard to Firm Size. Table 13 resulted that, small size of business have the highest mean scores on this study ($M=5.1490$, $SD=.90825$, $N=107$). The significance level for Levene's test is .73. This is larger than the cut-off .05. This means that the assumption of equal variances has not been violated. Therefore, Significance 2-Tailed is less than .05, hence there is a significance difference in the mean scores for EM to the firm size.

e. Differences in the Mean SR Scores with regard to the Firm Ownership Structure.

Table 14 shows the ANOVA test for firm ownership structure with regard to SR, it was found that the highest mean score is Sole Proprietorship ($M=5.9313$, $SD=1.00804$, $N=28$) compared to the lowest mean scores is Public Limited ($M=4.7308$, $SD=.52736$, $N=4$).

An ANOVA analysis table (Table XV) shows the significance different between groups. It was resulted that Firm Ownership Structure has highly significance with the SR ($F(3,174)=4.040$, $p=.008$) and Eta squared was 0.07 considered as medium effect.

f. Differences in the Mean SR Scores with regard to the Firm Age.

Table 16 resulted the difference mean score for SR with regard to firm age. ANOVA test was conduct and the highest group was 11-15 years of business founded ($M=5.5199$, $SD=.84382$, $N=29$) compared to the lowest group more than 20 years ($M=4.7846$, $SD=1.07970$, $N=20$). An One-way between-group analysis of variance was conducted, it revealed that there has a statistically significance between firm age and SR ($F(4,173)=2.478$, $p=.046$) The effect size was 0.05, considered as small effect.

g. Differences in the Mean SR Scores with regard to the Firm Size.

Independent-samples t-test was employed to compare the mean scores for SR with regard to Firm Size. Table 17 resulted that, small size of business have the highest mean scores on this study ($M=5.5852$, $SD=.90517$, $N=107$). The significance level for Levene's test is .559. This is larger than the cut-off .05. This means that the assumption of equal variances has not been violated. Therefore, Significance 2-Tailed is less than .05, hence there is a significance difference in the mean scores for SR to the firm size. The index was measured using five phase of analysis, where Phase 1 performs the descriptive statistic for firms characteristic and entrepreneur characteristic. While, Phase 2 applied the factor analysis. Finally, Phase 3 stress on the ANOVA and T-Test in analyze the various categorical variables to the EM and SR.

Table 1. Overall Position Response Rate

Position	Frequency	Percent
Top Managers	115	64.6
Senior Managers	27	15.2
Middle Managers	36	20.2
Total	178	100

Table 2. The structure of the research instrument

Section	Variable	Item
1	Demographic	10
2	Strategic Recativeness	14
3	Entrepreneurial Management	20
	TOTAL	44

Table 3. Summary of the sample firm's characteristic

Variable	Variable Value	No. of Cases	% of Cases
Age of firms (years) n=178	Less than 5 Years	68	38.2
	6 - 10 Years	44	24.7
	11 - 15 Years	29	16.3
	16 - 20 Years	17	9.6
	20 Years and above	20	11.2
Number of employees n=178	Micro	22	12.4
	Small	85	47.8
	Medium	71	39.8
Firms business activities (n=178)	Distributive, Trade, Wholesaler and Retailer	24	13.5
	Electrical, Electronic and Telecommunication	20	11.2
	Food and Beverages	20	11.2
	Metal Product	5	2.8
	Transport Equipment	4	2.2
	Machinery & Engineering	6	3.4
	Business & Professional Services	27	15.2
	Others Selected Service	72	40.4
Ownership Structure (n=178)	Sole Proprietorship	28	15.7
	Private Limited	134	75.3
	Partnership	12	6.7
	Public Limited	4	2.2

Table 4. Summary of the entrepreneur's characteristic

Variable	Variable Value	% of Cases
Gender n=178	Male	73.6
	Female	26.4
Race n=178	Malay	73
	Chinese	21.3
	India	3.4
	Others	2.2
Position	Top Managers	64.6
	Senior Managers	20.2
	Middle Managers	15.2

Table 5. Descriptive statistic of the level of SR propensity of the sample firm

	Frequency	Percent
Low Strategic Reactiveness	63	35.4
High Strategic Reactiveness	115	64.5

Table 6. Descriptive statistic of the level of EM propensity of the sample firm

	Frequency	Percent
Administrative Behaviour	54	30.3
Entrepreneurial Behaviour	124	69.7

Table 7. The descriptive statistics of the differences EM mean scores with the regard to the type of business

Type of Business	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
Distributive, Trade, Wholesale and retailer	24	5.0625	.80762	.16486	4.7215	5.4035	3.83	7.17
Electrical, Electronic and Telecommunication	20	5.0833	1.00623	.22500	4.6124	5.5543	3.44	6.67
Food and Beverages	20	5.0278	.96183	.21507	4.5776	5.4779	3.17	7.39
Metal Product	5	5.1444	.21009	.09395	4.8836	5.4053	4.94	5.44
Transport Equipment	4	4.6250	1.16920	.58460	2.7645	6.4855	3.33	6.17
Machinery & Engineering	6	5.2037	.92340	.37698	4.2347	6.1728	4.28	6.89
Business & Professional Services	27	5.2757	1.07223	.20635	4.8516	5.6999	3.78	7.44
Others	72	4.9035	.89372	.10533	4.6935	5.1136	3.11	7.00
Total	178	5.0262	.92279	.06917	4.8897	5.1627	3.11	7.44

Table 8. The one-way ANOVA of EM mean scores with regard to the Type of Business

	Sum of Squares	df	Mean Square	F	Sig.	Eta Square
Between Groups	3.764	7	.538	.622	.737	0.025
Within Groups	146.959	170	.864			
Total	150.723	177				

Table 9. The descriptive statistics of the differences EM mean scores with regard to the Firm Ownership Structure

Firm Ownership Structure	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
Sole Proprietorship	28	5.6548	1.09873	.20764	5.2287	6.0808	3.33	7.44
Private Limited	134	4.8984	.84936	.07337	4.7533	5.0436	3.11	7.22
Partnership	12	4.9722	.74855	.21609	4.4966	5.4478	3.94	6.11
Public Limited	4	5.0694	.95298	.47649	3.5530	6.5859	4.33	6.33
Total	178	5.0262	.92279	.06917	4.8897	5.1627	3.11	7.44

Table 10. The One-way ANOVA of EM mean scores with regard to the Firm Ownership Structure

	Sum of Squares	df	Mean Square	F	Sig.	Eta Square
Between Groups	13.293	3	4.431	5.610	.001	.08
Within Groups	137.431	174	.790			
Total	150.723	177				

Table 11. The descriptive statistics of the differences of EM mean scores with regard to the Firm Age

Firm Age	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean			
					Lower Bound	Upper Bound	Minimum	Maximum
< 5 Years	68	5.0605	1.00802	.12224	4.8165	5.3044	3.17	7.44
6 - 10 Years	44	5.1831	.84310	.12710	4.9268	5.4394	3.50	7.17
11 - 15 Years	29	5.0383	.90122	.16735	4.6955	5.3811	3.33	7.22
16 = 20 Years	17	4.8856	.78995	.19159	4.4795	5.2918	3.78	6.33
> 20 Years	20	4.6667	.89635	.20043	4.2472	5.0862	3.11	6.89
Total	178	5.0262	.92279	.06917	4.8897	5.1627	3.11	7.44

Table 12. The one-way ANOVA of EM mean scores with regard to the Firm Age

	Sum of Squares	df	Mean Square	F	Sig.	Eta Square
Between Groups	4.088	4	1.022	1.206	.310	0.03
Within Groups	146.635	173	.848			
Total	150.723	177				

Table 13. Independent-samples t-test of EM mean scores with regard to Firm Size

	No of Employee	N	Mean	Std. Deviation	Std. Error Mean
Entrepreneurial Management	Small	107	5.1490	.90825	.08780
	Medium	71	4.8412	.91991	.10917

Table 14. The descriptive statistics of the differences of SR mean scores with regard to the Firm Ownership Structure

	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean			
					Lower Bound	Upper Bound	Minimum	Maximum
Sole Proprietorship	28	5.9313	1.00804	.19050	5.5404	6.3222	3.77	7.54
Private Limited	134	5.3175	.93340	.08063	5.1580	5.4769	2.85	7.38
Partnership	12	5.4103	.85553	.24697	4.8667	5.9538	4.08	7.23
Public Limited	4	4.7308	.52736	.26368	3.8916	5.5699	4.31	5.46
Total	178	5.4071	.95904	.07188	5.2652	5.5489	2.85	7.54

Table 15. The one-way ANOVA of SR mean scores with regard to the Firm Ownership Structure

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	10.601	3	3.534	4.040	.008
Within Groups	152.196	174	.875		
Total	162.798	177			

Table 16. The descriptive statistics of the differences of SR mean scores with regard to the Firm Age

	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean			
					Lower Bound	Upper Bound	Minimum	Maximum
< 5 Years	68	5.4932	.92720	.11244	5.2688	5.7176	2.85	7.54
6 - 10 Years	44	5.4510	1.01666	.15327	5.1420	5.7601	3.77	7.46
11 - 15 Years	29	5.5199	.84382	.15669	5.1989	5.8409	3.92	7.00
16 = 20 Years	17	5.4887	.78444	.19025	5.0854	5.8920	4.15	6.85
> 20 Years	20	4.7846	1.07970	.24143	4.2793	5.2899	2.92	7.23
Total	178	5.4071	.95904	.07188	5.2652	5.5489	2.85	7.54

Table 17. Independent-sample t-test of SR mean scores with regard to Firm Size

	No of Employee	N	Mean	Std. Deviation	Std. Error Mean
Strategic Reactiveness	Small	107	5.5852	.90517	.08751
	Medium	71	5.1387	.98154	.11649

4. Conclusion

The result gathered in this study showed that there are some propensities of adapting SR to the level of EM practiced by the firm across the various firm characteristics. Being entrepreneurial can be instrumental to achieving firm success. However, the exhibition of an entrepreneurial management (EM) – as reflected in its various sub-dimensions; management structure, strategic orientation, entrepreneurial culture, growth orientation, reward philosophy, and entrepreneurial culture – will place firms in positions of potentially great uncertainty and vulnerability as a function of the inherently exploratory nature of entrepreneurship. Because entrepreneurial firms' actions result in their entry into novel and sometimes poorly understood business domains, these firms will commonly experience strategic “missteps.” That is, intended outcomes will not materialize due to, unanticipated competitive response, miscalculated market demand, or underestimation of a new product's technological challenges. When such missteps are made, entrepreneurial firms must take corrective action by realigning their strategies with the realities of their environments. The realignment of strategy with environmental exigencies occurs via strategic reactivity, herein defined as a firm's ability to adjust its business practices and competitive tactics in response to the perceived efficacy of its strategic actions. In short, strategic reactivity represents a corrective mechanism through which entrepreneurial firms can minimize the downside risks inherent to their operations. In conclusion, firm age, type of ownership structure and firm size is most related to the SR implementation by the sample respondents. While, EM was compliment to the firm size and type of ownership structure to the SMEs. This research thus has important implications for entrepreneurial firms in their organizational potential and practiced the SR and EM conceptual. This research has also contributed to literature on the subject matter by broadening the knowledge on the relationship between SR and EM. Many studies have explored the relationship of EM but very few of these looked at the SR concept in the Malaysian SMEs business culture. Hence, research offers additional contribution to the literature in terms of research into strategic reactivity and its link to entrepreneurial managements of firms. Further research can be explore other dimensions of reactivity, such as reacting to observed entrepreneurial outcomes in terms of performance through the changing of organizational processes and using financial performance data based on secondary sources. In addition, the performance can be treated as a control variable in order to study the impact of the performance on the SR-EM relationship.

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